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Inter-agency Task Force on International Merchandise Trade Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-eighth session,** the Secretary-General has the honour to transmit to the Commission the report of the Inter-agency Task Force on International Merchandise Trade Statistics. The present report, prepared by the World Trade Organization as convener of the Task Force is submitted to the Commission for information. The Commission is requested to take note of the work done by the Task Force, in particular its updated terms of reference and future work programme.

* E/CN.3/2008/1.

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Report of the Inter-agency Task Force on International Merchandise Trade Statistics

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I. Follow-up to actions by the Statistical Commission

A. *Manual on Export and Import Price Indices*

1. The Inter-agency Task Force on International Merchandise Trade Statistics, in its report to the Statistical Commission at its thirty-fourth session (E/CN.3/2003/14), stated that there was a need for a manual on international trade indices to be developed through an inter-agency effort. The Commission endorsed this plan and welcomed the intention of the International Monetary Fund (IMF) to develop it.

2. IMF is coordinating the work on the *Manual on Export and Import Price Indices* with a view to fostering coherence in structure and style with the consumer and producer price index manuals developed by the Intersecretariat Working Group on Price Statistics and to adopting, wherever appropriate, consistent content, terminology and methodology. A technical expert group was set up by the working group, and drafts of the *Manual* were circulated through a dedicated website. The expert group reviewed the draft in September 2006.

3. The Task Force's concerns centred mostly on the feasibility of compiling detailed price indices from surveys, their cost-effectiveness and the appropriateness of using unit values as complements to or substitutions for price indices. Accordingly, the *Manual*'s focus on price indices was modified to include an additional chapter on the advantages and disadvantages of the use of unit values. The finalization of the *Manual* is envisaged for 2008/2009.

B. Fourth revision of the Standard International Trade Classification

4. At its thirty-fifth session, the Statistical Commission approved the Task Force's recommendation to prepare a fourth revision of the Standard International Trade Classification (SITC, Rev.4). The United Nations Statistics Division prepared an initial draft of the classification and coordinated the preparation of its provisional draft. At its thirty-seventh session, the Commission took note of the final draft of SITC, Rev.4, and the Statistics Division submitted it for publication.

5. SITC, Rev.4, is now available in print (English version)[1] and online on the website of the Statistics Division. Versions of the classification in the other official languages of the United Nations are being prepared. The Statistics Division website also contains the respective correlation tables between SITC, Rev.4, and SITC, Rev.3, and amended editions of the Harmonized Commodity Description and Coding System (HS07 and HS02). A correspondence between SITC, Rev.4, and the Classification by Broad Economic Categories is currently under development.

[1] *Statistical Papers, No. 34/Rev.4* (United Nations publication, Sales No. E.06.XVII.10).

II. Activities since the thirty-seventh session of the Statistical Commission

A. Methodology

6. *International Merchandise Trade Statistics.* The Supplement to the *Compilers Manual for International Merchandise Trade Statistics* is included in the United Nations Statistics Division publication programme for the biennium 2006-2007. It is intended to further clarify issues of common concern through the provision of additional information and compilation guidance relevant to those statistics. The draft Supplement contains six chapters covering a wide range of issues, including an overview of national compilation and dissemination practices and their compliance with the *International Merchandise Trade Statistics: Concepts and Definitions, Revision 2* (IMTS, Rev.2).[2] This part of the Supplement summarizes country responses to the questionnaire which was drafted by the Statistics Division, reviewed by other members of the Task Force on International Merchandise Trade Statistics and sent out jointly by the Statistics Division, the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization. Other chapters of the Supplement either provide updated information on various topics relevant to trade data compilation or focus on specific new challenges affecting merchandise trade statistics. In particular, the following issues are covered: the revised Kyoto Convention, HS07 and SITC, Rev.4, selected conceptual and data compilation issues (for example, use of change of ownership criterion, goods for processing, imports FOB), data collection via Intrastat, and the relationship between IMTS, Rev.2, and the fifth and sixth revisions of the *Balance of Payments Manual.* Many Task Force members provided their inputs to the provisional draft. At the time of the writing of the present report, the Statistics Division is preparing the final text of the Supplement

7. *Revision of the International Merchandise Trade Statistics, Concepts and Definitions.* The Task Force supported the initiative of the Statistics Division to begin the third revision of IMTS, aiming at submission of the updated recommendations to the Statistical Commission for adoption in March 2010. The third revision of the recommendations became necessary, inter alia, in view of:

(a) Changes in the way international merchandise trade is conducted, for example, increasing globalization of the production and distribution processes, expansion of intra-firm trade, transactions with bundled goods and services components;

(b) Changes in the legal environment, such as adoption by the World Customs Organization Council of the Revised Kyoto Convention and new legal/administrative measures for increased security or further simplification of customs formalities;

(c) Changes in related statistical frameworks, such as the *System of National Accounts, 1993*[3] and the *Balance of Payments Manual*;

(d) Changes in user needs, including increased demand for more detailed and timely data for market access negotiations and trade policy purposes, market

[2] *Studies in Methods, No. 52, Rev.2* (United Nations publication, Sales No. E.98.XVII.16).

[3] United Nations publication, Sales No. E.94.XVII.4.

research by the business community and economic analysis (for example, linking industry and trade data);

(e) The need for further clarification of some existing concepts and improvement of overall readability.

The modalities and organization of the revision process are described in a separate report of the Statistics Division to the Commission.

8. *Geo-nomenclatures*. Drawing on experiences in merchandise trade statistics, the Task Force provided the Committee for the Coordination of Statistical Activities with initial material on the issue of enhancing transparency and harmonization of geo-nomenclatures between international organizations. The Committee agreed to focus the work in this area on country coding by asking the Statistics Division to collect concerns and questions related to aggregations or disaggregations of countries and territories not currently covered in the *Standard Country or Area Codes for Statistics Use*.[4] Transparency of discrepancies in regional classifications should, however, be guaranteed by the respective inter-agency and expert groups, such as those on the Millennium Development Goals Indicators.

B. Databases on international trade-international data production and dissemination

9. The objective of the Task Force is centred on the improvement of the efficiency, quality and consistency of international data production and dissemination, while reducing the response burden of national authorities and avoiding duplication of work in international organizations. Through well-functioning cooperation among multilateral organizations, considerable results have been achieved with respect to a joint data collection, processing and dissemination.

10. *Cooperation between the Statistics Division and OECD*. The United Nations Comtrade database underwent significant improvements regarding coordination mechanisms and data quality. In particular:

(a) The joint data-collection and processing system of the Statistics Division and OECD has been implemented since 1 January 2006. As of now, all data sets beginning 2000 are completely harmonized;

(b) The regional commissions of the United Nations and other international organizations have been continuing their cooperation with the Statistics Division in collecting annual trade data files. In particular, the Food and Agriculture Organization of the United Nations (FAO) entered into a formal agreement with the Statistics Division on exchanging trade data;

(c) Further progress has been made in aligning Comtrade data with annual figures from the United Nations *Monthly Bulletin of Statistics* and the Common Data Set;

[4] *Statistical Papers, No. 49, Rev.4* (United Nations publication, Sales No. E.98.XVII.9); also available at http://unstats.un.org/unsd/methods/m49/m49.htm.

(d) The Statistics Division established a new Comtrade portal which establishes an entry point to all United Nations Comtrade-related information and services, including a knowledge base and an expert and community forum.

11. *Common Data Set*. The Common Data Set, an analytical data set to improve coverage and consistency, reconciles the annual values of the countries' total trade available in the respective databases of participating organizations (Eurostat, OECD, the United Nations Conference on Trade and Development (UNCTAD), the Statistics Division, the World Trade Organization). It is now available on the Task Force's website as an interactive database, distinguishing official data from the best values according to international concepts and definitions and including adjustment and estimate descriptions in its metadata. The enhancement of data quality of this analytical data set is achieved through a specialization and sharing of work among international organizations. The Common Data Set is updated annually and positive feedback by users has been received.

12. Future activities will focus on bringing the Common Data Set to the attention of users, seeking feedback from national statistical authorities, and exploring the feasibility of using Statistical Data and Metadata Exchanges for its maintenance.

13. *Data dissemination tools and formats*. Significant progress has been achieved by the organizations in data dissemination, particularly in the presentation of merchandise trade data in combination with other analytically useful statistical indicators. Noteworthy developments among Task Force members were:

(a) The online release of the OECD International Trade Indicators database;

(b) The release of the tariff profiles, produced jointly with the International Trade Centre (ITC) and UNCTAD, complemented by the dissemination by the World Trade Organization of predefined national tables at a 6-digit HS level;

(c) The release of the CEPALSTAT online database of the Economic Commission for Latin America and the Caribbean, which combines social, economic and environmental indicators;

(d) The revamp of the FAOSTAT online application, with, inter alia, new nomenclatures in order to facilitate comparison of trade with related data of other domains;

(e) Plans of ITC to provide developing economies with free access to its TradeMap application;

(f) The free availability of all Eurostat's application, which are NewCronos, EasyComext and Analytical Comext, as well as data dissemination through DVDs and File Transfer Protocol.

14. *Trade and the Millennium Development Goals*. Three Task Force members (the International Trade Centre, UNCTAD and the World Trade Organization) have been joining their resources to devise and maintain two indicators on market access (38 and 39), used for the monitoring of the Millennium Development Goals. These indicators correspond to the share of imports into developed countries from developing countries and least developed countries entering free of duty, and average tariffs imposed by developed countries on agricultural products, textiles and clothing from developing countries. A dedicated website for the respective

indicators on market access has been designed and is maintained by the three organizations.

C. Public website of the Inter-agency Task Force on International Merchandise Trade Statistics

15. The Task Force launched a public website of its own which is aimed at disseminating comprehensive reference materials on merchandise trade statistics. It hosts the CDS database and provides a portal to international organizations' trade statistics, concepts and definitions, information on compilation and reporting practices, capacity-building activities (listing activities by year, organization and country) and updates on the Task Force's activities.

III. New issues and related activities

16. Trade is a rapidly evolving subject matter. The intensifying globalization of the world economy, changing commercial and administrative practices associated with the international flow of goods as well as revisions of major statistical frameworks have repercussions on merchandise trade statistics.

17. The Task Force has been continuously identifying issues to be analysed, or opportunities for improving concepts and definitions, rationalizing data production and enhancing data quality. Further, the Task Force has kept abreast of innovative activities carried out by its individual members, for example:

(a) Eurostat's new Intrastat and Extrastat legislation (to be implemented in 2009) stimulated discussions on the balance between the reporting burden and users' needs;

(b) OECD and Eurostat have initiated projects to link structural business and trade statistics. Such a linkage would make it possible to derive new statistical products, such as indicators that combine trade statistics with enterprise-related criteria (for example, by size and/or class), or the estimation of intra-firm trade;

(c) Ongoing projects in Eurostat that are considered important to analyse intra-firm trade and value chains (trade by tasks), or to link trade statistics up with other domains to analyse globalization in general, are the EuroGroups Register for registering multinational enterprises and a programme to modernize business and trade statistics in order to reduce response burdens and allow for the implementation of new technologies.

18. The Task Force is considering these developments in terms of general methodology and recommended data compilation practices. While the forthcoming *Supplement to the Compilers Manual for International Merchandise Trade Statistics* devotes substantial discussion to new developments, the Task Force is fully taking them into consideration in its current activities and planning of future work, such as the preparation of the revision of IMTS, Rev.2.

19. New developments in trade and business practices also make it obligatory to revise old standards or preconceptions when the new, economic phenomena are of a cross-cutting nature, such as the measurement of foreign affiliates' activities, or the statistical monitoring of intra-firm cross-border trade. The new needs to develop

disaggregated statistics at the business level imply a joint approach from the areas of trade in goods and trade in services.

20. In order to develop this forward-looking strategy, the Task Force on International Merchandise Trade Statistics approached the Inter-agency Task Force on Statistics of International Trade in Services to explore closer cooperation. A first joint meeting is planned during 2008 to discuss cross-cutting issues and further cooperation which will be issue-driven with well-defined outputs and an effective modus operandi.

IV. Terms of reference of the Inter-agency Task Force on International Merchandise Trade Statistics

21. The Task Force reviewed its terms of reference and agreed on an updated version, as set out in annex I.

Annex I

Terms of reference of the Task Force on International Merchandise Trade Statistics

I. Members, convener and organization of work

1. The Inter-agency Task Force on International Merchandise Trade Statistics, was established in 1990 by the United Nations Statistics Division at the request of the Subcommittee on Statistical Activities. The establishment of the Task Force was endorsed in 1993 by the Statistical Commission at its twenty-seventh session. The Task Force comprises all international entities or organizations actively involved in the collection, processing, dissemination and/or use of international merchandise trade statistics. They include the Statistics Division, the statistical divisions of the United Nations regional commissions, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations, the World Trade Organization, the Organization for Economic Cooperation and Development, the World Customs Organization, the International Monetary Fund, the World Bank, Eurostat and the International Trade Centre. Other international organizations may join the Task Force as observers with the consent of the current members.

2. The World Trade Organization is elected to serve as the Task Force's convener.

3. The Task Force will hold regular annual meetings. Additional meetings can be organized as necessary.

4. The website of the Task Force is maintained by the World Trade Organization as its convener, while its electronic discussion group website is jointly maintained by the World Trade Organization and OECD.

5. All procedural issues are to be decided by consensus of the regular members, or by the majority vote if requested by any member of the Task Force.

II. Mandate of the Task Force

6. The objective of the Task Force is to ensure coordination of activities carried out by participating agencies in the area of international merchandise trade statistics and related fields including:

(a) The coordination of data collection from countries and sharing of the collected data sets to reduce countries' response burden;

(b) The harmonization of data processing procedures and coordination of data dissemination through the agencies' databases and publications to foster the coherence of the international merchandise trade statistics and to better serve the user community;

(c) The coordination of the collection of information on country data compilation and dissemination practices, cooperation in assessment of country data quality and identification of good practices;

(d) The identification of new conceptual and data compilation issues, their systematic study and formulation of proposals for possible solutions; in this context, the Task Force provides input into the revision process of the recommendations of the Statistical Commission for international merchandise trade statistics;

(e) Promotion of synergy with respect to the work of other inter-agency task forces, working groups and committees, in particular with respect to the Task Force on Statistics of International Trade in Services;

(f) Coordination of training and capacity-building initiatives, especially in developing countries, to ensure higher efficiency of such initiatives in terms of achieving a better harmonization of country data compilation and dissemination practices and accuracy of the compiled and disseminated country data sets.

III. Reporting to the Statistical Commission

7. The convener of the Task Force will prepare an annual report for presentation to the Statistical Commission. The report will describe progress made by the Task Force during the preceding year as well as its plan of the future actions in accordance with the current terms of reference.

Annex II

Summary of the activities of the Task Force on International Merchandise Trade Statistics (completed and ongoing) during the two-year period under review

Achievements

Activity	Completed
• Fourth revision of the Standard International Trade Classification	2006
• Task Force website (http://imts.wto.org)	2006
• The Common Data Set disseminated on the Task Force website (interactive database)	2006
• United Nations Comtrade: full harmonization of OECD and United Nations data sets	2007

Ongoing activities

Activity	Envisaged completion
Methodology	
• *Manual on Export and Import Price Indices*	2008/2009
• Supplement to the *Compilers Manual for International Merchandise Trade Statistics*	2007
• Draft third revision of *International Merchandise Trade Statistics, Concepts and Definitions*	2009